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March 21, 2013

Federal Communications Commission
Office of the Secretary

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VIA IBFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Applications for Assignment of Domestic and International Section 214
Authorizations and Requests for Special Temporary Authority, File Nos.
ITC-ASG-20130130-00035, ITC-ASG-20130130-00037, ITC-STA-
20130130-00036, and ITC-STA-20130130-00038

Dear Ms. Dortch:

Next Angel LLC ("Next Angel"), by counsel for Next Communications, Inc., herein provides additional information to supplement the above-referenced pending applications for assignment of domestic and international Section 214 authority from STi Prepaid, LLC ("STi Prepaid") and STi Telecom Inc. ("STi Telecom") to Next Angel and for Special Temporary Authority ("STA") to continue providing service to the customers of STi Prepaid and STi Telecom (collectively, "STi") pending approval of the assignment application.

Specifically, Next Angel's responses to seven questions raised by FCC staff are provided below. Where appropriate, the responses reference attachments included with this supplemental information.

- (1) **Please provide copies of the Asset Purchase Agreement, the Transition Services Agreement ("TSA"), and the final Bankruptcy Court Orders.**

Please find attached as Exhibits A, B, and C copies of the executed Asset Purchase Agreement, Transition Services Agreement, and the Bankruptcy Court's Order Pursuant to Section 105(a) and 363 of the Bankruptcy Code. The Order approves (A) Sale of Substantially All of the Assets of the Debtors Outside the Ordinary Course of Business, Free and Clear of All Liens, Claims, Interests, and Encumbrances, and (B) Form and Content of Asset Purchase Agreement.

- (2) **How long can STi continue to provide service to customers? Specifically, what is the effect of the 90-day time limit in the TSA? Can STi continue to provide service for this entire 90-day period? Can STi**

Ms. Marlene H. Dortch, Secretary
March 21, 2013
Page 2

provide service after this time period has expired? Can the TSA be extended beyond 90 days?

The current Transition Services Agreement, pursuant to which STi continues to provide service to customers, extends the provisioning of telecom services and the validity of prepaid calling cards for a 90 day period through May 8, 2013. This Agreement may be renegotiated with the creditors to extend the Agreement for more than 90 days, under the oversight of the court, but there is no guarantee that an extension will be issued. If the Transition Services Agreement expires, STi may no longer be able to provide services to customers and all prepaid calling cards may be deactivated.

(3) Please provide additional information about the outstanding calling cards and customers.

There remain approximately 20 million calling cards outstanding. Information is not available on the number of minutes outstanding. The cards are tracked by value rather than minutes because the cost of minutes to different destinations varies greatly. The value of these cards is approximately \$17.8 million for STi Prepaid and \$14.5 million for STi Telecom.

STi Prepaid is selling cards valued at approximately \$3.0 to \$3.5 million monthly directly to distributors and STi Telecom, through Kare Distribution, is also selling cards valued at approximately \$3.0 to \$3.5 million monthly directly to distributors. These cards do not include expiration dates.

(4) Please provide information regarding how STi provides service. Specifically, please provide information about which carriers provide the service that STi resells and the cost to STi of providing service to customers.

Next Angel provides the following information regarding STi's provision of service:

- STi purchases both "Access Services" and "Long Distance Termination" services from other carriers. Access services are used to enable each consumer to dial a Public Switched Telephone Network (PSTN) phone number from a fixed, VoIP, virtual or mobile phone to access the STi

Ms. Marlene H. Dortch, Secretary

March 21, 2013

Page 3

Prepaid Calling System (System). Once the consumer dials the Access number, the System will ask the consumer to enter the PIN number from the back of their calling card. Once the PIN number has been completely entered, the System will authenticate the number, advise the consumer of the remaining balance, and request the consumer to dial the destination phone number. Once the consumer has dialed the destination phone number, the System will rate the call and advise the consumer of how many minutes are available for the call. The System then routes the call to a "Long Distance Termination" carrier to complete the call.

- STi purchases domestic and international long distance termination services from U.S. and foreign carriers. These services are "resold" to consumers via prepaid calling cards and prepaid PIN-less services.
 - STi resells the international long distance services of the following entities at the following approximate weekly costs:
 - Next Communications, Inc.: \$900,000/week
 - Angel Telecom Corporation: \$250,000/week
 - STi utilizes and incorporates the access services into the service delivered to the general public, and therefore "resells" the access provider services of the following carriers at the following approximate weekly costs:
 - Avalon Telecom: \$130,000/week
 - Matrix Telecom Inc./ Excel Telecommunications: \$20,000/week
 - Windstream Communications: \$10,000/week
 - Backbone Communications: \$15,000/week
 - Blitz Telecommunications: \$15,000/week
 - Pac-West Telecommunications: \$5,000/week
- (5) **Please provide additional information about Angel Telecom (USA) Inc.'s ownership. Specifically, please provide an ownership chart disclosing any Angel Telecom (USA) Inc. entities with a controlling or a 10 percent or greater ownership interest in Next Angel. Please provide citizenship information for each entity and individual identified on the chart.**

Ms. Marlene H. Dortch, Secretary
March 21, 2013
Page 4

Attached as Exhibit D, please find an ownership chart for Angel Telecom (USA) Inc. ("Angel Telecom"), which holds a 42.5 percent equity and voting interest in Next Angel. The chart includes all Angel Telecom entities that hold a 10 percent or greater ownership interest in Next Angel. Next Angel confirms that all of the entities and individuals with a 10 percent or greater ownership interest, including those interests held by individuals and entities affiliated with Angel Telecom have been reported to the Commission.¹

(6) Please confirm whether any affiliate of Next Angel provides domestic telecommunications services.

Next Angel confirms that the following affiliates provide domestic telecommunications services:²

- Next Communications provides wholesale long distance voice, data, and video services for wired and wireless telecommunications carriers to all U.S. states and territories except for Alaska.
- Meimoun & Mammon, LLC provides prepaid calling card services in Florida.

No other affiliate of Next Angel provides domestic telecommunications services.

(7) Please clarify the significance of the date June 3, 2013.

June 3, 2013 is not a significant date, but June 30, 2013 is the date by which Next Angel is required to obtain a separate bank account for deposit of any payments.

* * * * *

¹ See Letter from Colleen King to Marlene H. Dortch, File Nos. ITC-ASG-20130130-00035, ITC-ASG-20130130-00037, ITC-STA-20130130-00036, and ITC-STA-20130130-00038 (filed Jan.31, 2013); Applications for Assignment of Domestic and International Section 214 Authorizations and Requests for Special Temporary Authority, File Nos. ITC-ASG-20130130-00035, ITC-ASG-20130130-00037, ITC-STA-20130130-00036, and ITC-STA-20130130-00038 (filed Jan. 30, 2013) ("Assignment Applications").

² See Assignment Applications, Attachment 1 at 10.



Ms. Marlene H. Dortch, Secretary
March 21, 2013
Page 5

Please do not hesitate to contact the undersigned should you have any questions.

Respectfully submitted,

By: /s/ Jennifer D. Hindin

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cc: David Krech
Jodie May
Tracey Wilson
Myrva Charles
Sally Stone

EXHIBIT A

ASSET PURCHASE AND SALE AGREEMENT

dated as of

January 30, 2013,

by and among

VIVARO CORPORATION; STI PREPAID, LLC; KARE DISTRIBUTION, INC.; STI
TELECOM, INC.; TNW CORPORATION; STi CC I, LLC; AND STi CC II, LLC

and

NEXT ANGEL LLC

Table of Contents

	<u>Page</u>
ARTICLE I Defined Terms	2
Section 1.01 Definitions	2
ARTICLE II The Transaction	13
Section 2.01 Purchase and Sale of the Purchased Assets	13
Section 2.02 Excluded Assets	13
Section 2.03 Assumption of the Assumed Liabilities	14
Section 2.04 Excluded Liabilities	14
Section 2.05 Assignment of Assigned Agreements	15
ARTICLE III Consideration	17
Section 3.01 Consideration	17
Section 3.02 Bulk Sales Laws	18
Section 3.03 Withholding	18
ARTICLE IV The Closing; Conditions to Closing	18
Section 4.01 The Closing.	18
Section 4.02 Conditions Precedent to the Obligations of the Sellers	19
Section 4.03 Conditions Precedent to the Obligations of the Purchaser	21
Section 4.04 Tax Matters	23
ARTICLE V Representations and Warranties of the Sellers About the Sellers	24
Section 5.01 Existence and Power	24
Section 5.02 Authorization; Binding Effect	24
Section 5.03 Consents	24
Section 5.04 Absence of Certain Changes	25
Section 5.05 Purchased Assets.	25
Section 5.06 Intellectual Property.	25
Section 5.07 Brokers	27
Section 5.08 Taxes	27
Section 5.09 Insurance	27
Section 5.10 No Other Representations or Warranties	27
ARTICLE VI Representations and Warranties of the Purchaser	27
Section 6.01 Existence and Power	27
Section 6.02 Authorization; Binding Effect	28
Section 6.03 Contravention	28

Section 6.04	Consents	28
Section 6.05	Litigation	28
Section 6.06	Brokers	28
Section 6.07	Compliance with Laws	28
Section 6.08	AS IS SALE	28
Section 6.09	Due Diligence.....	29
Section 6.10	Financing	29
ARTICLE VII Pre-Closing Covenants of the Sellers and the Purchaser.....		29
Section 7.01	Conduct of Business Pending Closing.	29
Section 7.02	Access to Information; Cooperation.....	31
Section 7.03	Financing	32
ARTICLE VIII Covenants of the Sellers and the Purchaser		32
Section 8.01	Cooperation	32
Section 8.02	Preservation of Records.....	32
Section 8.03	WARN Act and Other Employee Termination Costs	33
Section 8.04	Release.....	33
ARTICLE IX Termination and Expenses.....		34
Section 9.01	Termination	34
Section 9.02	Effect of Termination	35
Section 9.03	Fees and Expenses.....	35
ARTICLE X Miscellaneous.....		35
Section 10.01	NONSURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS	35
Section 10.02	Notices	35
Section 10.03	Counterparts	35
Section 10.04	Amendment of Agreement	36
Section 10.05	Successors and Assigns; Assignability.....	36
Section 10.06	Governing Law	36
Section 10.07	Integration	36
Section 10.08	Severability.....	36
Section 10.09	No Third-Party Rights	36
Section 10.10	Submission to Jurisdiction.....	37
Section 10.11	Waiver of Jury Trial	37
Section 10.12	No Waiver; Remedies	37
Section 10.13	Interpretation	37
Section 10.14	Ambiguities	38
Section 10.15	Incorporation of Exhibits.....	38
Section 10.16	Approval of Bankruptcy Court.....	38

ARTICLE XI Bankruptcy Court Matters	38
Section 11.01 Consultation with the Purchaser	38
Section 11.02 Sellers Assistance	38
Section 11.03 Purchaser Assistance	38

ASSET PURCHASE AND SALE AGREEMENT

This ASSET PURCHASE AND SALE AGREEMENT (this "**Agreement**"), dated as of January 30, 2013 by and among Vivaro Corporation; STI Prepaid, LLC; Kare Distribution, Inc.; STi Telecom, Inc.; TNW Corporation; STi CC I, LLC; and STi CC II, LLC (collectively, the "**Sellers**"), and Next Angel LLC (the "**Purchaser**").

RECITALS

- A. The Sellers own the Purchased Assets (as defined below).
- B. Each Seller is a debtor-in-possession under title 11, of the United States Code, 11 U.S.C. §§ 101 - 1532 (as amended, the "**Bankruptcy Code**"), and filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on September 5, 2012 (the "**Petition Date**"), in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") and the Sellers' cases are jointly administered under case number 12-13810 (MG) (collectively, the "**Bankruptcy Cases**").
- C. On November 16, 2012, the Sellers filed the *Debtors' Motion For (I) Entry of Order Approving (A) Bidding Procedures In Connection With Sale of All of Their Assets, (B) Stalking Horse Bid Protections, (C) Procedures for Assumption and Assignment of Executory Contracts and Unexpired Leases, (D) Form and Manner of Notice of Sale Hearing, and (E) Scheduling a Sale Hearing; and (II) Following a Sale Hearing, Entry of a Separate Order Approving (A) Sale of Substantially All of Debtors' Assets Outside Ordinary Course of Business, Free and Clear of All Liens, Claims, Interests, and Encumbrances, (B) Asset Purchase Agreement, and (C) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases* (the "**Sale Motion**").
- D. On November 21, 2012, the Bankruptcy Court entered an *Order Approving (A) Bidding Procedures In Connection With Sale of All of the Debtors' Assets, (B) Stalking Horse Bid Protections, (C) Form and Manner of Notice of Sale Hearing, and (D) Such Other and Further Relief As the Court Deems Just and Equitable* (the "**Bidding Procedures Order**").
- E. On December 19, 2012, the Bankruptcy Court entered an *Amended Order Approving (A) Bidding Procedures In Connection With Sale of All of the Debtors' Assets, (B) Stalking Horse Bid Protections, (C) Form and Manner of Notice of Sale Hearing, and (D) Such Other and Further Relief As the Court Deems Just and Equitable* (the "**Amended Bidding Procedures Order**") and together with the Bidding Procedures Order, the "**Bidding Procedures Orders**").
- G. On the terms and subject to the conditions set forth in this Agreement, the Purchaser desires to purchase, acquire and assume from the Sellers, and the Sellers wish to sell, transfer and assign to the Purchaser, the Purchased Assets and the Assumed Liabilities, all as set forth herein.
- H. The parties intend to consummate the transactions contemplated by this Agreement in accordance with sections 105, 363, 365 and 1123 of the Bankruptcy Code and the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and the agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
Defined Terms

Section 1.01 Definitions.

As used in this Agreement, the following terms have the meanings stated:

“Action” means an action, suit, litigation, arbitration, investigation, complaint, contest, hearing, inquiry, inquest, audit, examination or other proceeding, whether civil, criminal, administrative, investigative or appellate, in law or equity before any arbitrator or Governmental Body.

“Affiliate” of a Person means any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person or any of its Subsidiaries. The term **“control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise. With respect to a natural person, such natural person’s Affiliates shall also include such natural person’s spouse, and their siblings, parents and lineal descendants.

“Angel” means Angel Telecom (USA) Inc. or an entity formed by it.

“Assigned Agreements” means those agreements to which a Seller is a party and is permitted under the Bankruptcy Code to sell and assign, and which the Purchaser has agreed to assume under Section 2.01(n).

“Assumed Liabilities” has the meaning stated in Section 2.03.

“Auction” means the auction conducted by the Sellers pursuant to the Bidding Procedures Orders for the Purchased Assets.

“Avoidance Actions” means any and all Causes of Action and rights to recover or avoid transfers or to avoid any lien under Chapter 5 of the Bankruptcy Code or otherwise, including, but not limited to, sections 506, 510, 522, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code or applicable non-bankruptcy law or state law, and the proceeds thereof, or otherwise to exercise the avoidance powers provided under the Bankruptcy Code.

“Bankruptcy Cases” has the meaning ascribed to it in the recitals.

“Bankruptcy Code” has the meaning ascribed to it in the recitals.

“Bankruptcy Court” has the meaning ascribed to it in the recitals.

"Bidding Procedures" means the bidding procedures relating to sale of all or substantially all assets of the Sellers as set forth in the Bidding Procedures Orders.

"Bidding Procedures Orders" shall have the meaning ascribed to it in the recitals.

"Bill of Sale" has the meaning stated in Section 4.03(c)(i).

"Board" means the Board of Directors of each of the Sellers.

"Business" means the business in which the Sellers are engaged.

"Business Day" means any day that is not a Saturday, Sunday or a day on which banks are required or authorized by Law to be closed in New York, New York.

"Cash" means all cash and cash in transit, including all cash collected by Sellers, all checks received or deposited by Sellers and all wires initiated to Sellers, through 11:59pm (PST) as of the date of Closing.

"Cash Shortfall" means, if the amount of Cash included within the Purchased Assets is less than \$700,000, an amount equal \$700,000 minus the amount of Cash included within the Purchased Assets.

"Cash Surplus" means, if the amount of Cash is greater than \$700,000, an amount equal to the amount of Cash minus \$700,000.

"Cause of Action" means all claims, third-party claims, counterclaims, cross-claims, setoff, offset, claims and recoveries under the D&O policies, or other defenses, all choate and inchoate actions, rights of action, causes of action, choses in action, Avoidance Actions, suits, debts, dues, sums of money, accounts, rights to payment, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, whether fixed, contingent, matured or unmatured, disputed or undisputed, secured or unsecured, and whether asserted or unasserted, known or unknown, direct or indirect, derivative, or otherwise, and the proceeds thereof, of, or belonging to, the Debtors or the estates against any entity or Person, based in law or equity, including, but not limited to, under the Bankruptcy Code or any applicable state law, whether asserted, commenced, or filed in the Bankruptcy Court, or any other court or tribunal.

"Claim" has the meaning set forth in section 101(5) of the Bankruptcy Code.

"Closing" has the meaning stated in Section 4.01(a).

"Closing Date" has the meaning stated in Section 4.01(a).

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the rules and regulations promulgated thereunder.

"Code" means the Internal Revenue Code of 1986, as amended.

“Committee” means the Official Committee of Unsecured Creditors appointed in the Bankruptcy Cases.

“Company Intellectual Property” has the meaning stated in Section 5.06(a).

“Consents” means any approval, consent, authorization or Order of, notice to or registration or filing with any Governmental Body or any other Person.

“Contract” means any agreement, contract, license, lease, instrument, document, note, bond, mortgage, indenture, guarantee, each as amended or modified from time to time.

“Cure Costs” means the amounts, as finally determined by the Bankruptcy Court, that are required to cure all defaults, if any, and to pay all actual or pecuniary losses that resulted from such defaults and that are due, under the Assigned Agreements to be assumed by the Sellers and assigned to the Purchaser (or one of its designated Affiliates) under this Agreement pursuant to section 365 of the Bankruptcy Code.

“Deposit” means Purchaser’s \$500,000 Good Faith Deposit, as the term is defined in the Bidding Procedures Orders, plus five percent (5%) of the purchase price, each of which is in the form of a credit of such amount against the total indebtedness owed to Nextcomm and Angel Telecom AG under the DIP Credit Agreement and DIP Orders, subject to the Carve Out, as the term is defined in the DIP Orders.

“DIP Credit Agreement” means that certain credit agreement by and among the Sellers and Nextcomm and Angel Telecom AG, Angel’s sister corporation, as amended, modified or restated.

“DIP Obligations” means all Indebtedness as of Closing outstanding under the DIP Credit Agreement.

“DIP Orders” means the interim and final orders of the Bankruptcy Court approving Seller’s entry into the DIP Credit Agreement.

“DIP Release” has the meaning stated in Section 3.01(a).

“Discovered Contracts” means any Contract of Sellers identified following the Closing that was not previously disclosed to the Purchaser.

“Dollars” and **“\$”** refer to United States dollars and other lawful currency of the United States of America from time to time in effect.

“Effective Time” means 12:01 a.m. New York City time on the Closing Date.

“Encumbrances” means all interests, liens, charges, Claims, pledges, security interests, options, voting trusts, similar restrictions on voting or transfer, or other encumbrances of any kind.

“Environmental Laws” means all federal, state, local Laws currently in effect relating to the protection of human health and safety or the environment or natural resources including, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Clean Water Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 *et seq.*), and the Occupational Safety and Health Act (29 U.S.C. § 651 *et seq.*), and the regulations promulgated pursuant thereto.

“Equipment” means all tangible personal property of a Person, including office materials and supplies and vehicles, improvements, tooling and spare parts, all equipment, machinery and furniture, in all of its forms, wherever located, now or hereafter existing.

“Equity Securities” of a Person means shares of capital stock, limited liability company membership interests, partnership interests, joint venture interests or other equity securities, stock or shares of any kind of such Person and any securities convertible into any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the related regulations promulgated thereunder.

“Estimated Cash Amount” means the total amount of cash collected by Sellers immediately prior to Closing.

“Estimated Cash Shortfall” means, if the Estimated Cash Amount included within the Purchased Assets is less than \$700,000, an amount equal \$700,000 minus the Estimated Cash Amount included within the Purchased Assets

“Excluded Assets” has the meaning stated in Section 2.02.

“Excluded Books and Records” has the meaning set forth in Section 2.02(c).

“Excluded Liabilities” has the meaning stated in Section 2.04.

“Excluded Matter” has the meaning set forth in the definition of “Material Adverse Effect.”

“Excluded Regulatory Liabilities” has the meaning states in Section 2.04(l)

“Executory Contract Designation Date” has the meaning set forth in Section 2.05.

“FCC” has the means the Federal Communications Commission.

“FCC Licenses” means the licenses and authorizations issued by the FCC to any Seller, which licenses are listed on Schedule 1.

“Fixtures” means, to the extent not covered by the definition of Equipment, all fixtures appurtenant to Real Property or Leaseholds in all of their forms, wherever located, now or hereafter existing.

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time, consistently applied throughout the periods to which reference is made.

“Governmental Body” means any government or any agency, bureau, commission, court, department, official, political subdivision, tribunal, board or other instrumentality of any administrative, judicial, legislative, executive, regulatory, police or taxing authority of any government, whether federal, state, regional, provincial, local, domestic or foreign.

“Hazardous Materials” means any hazardous or toxic substance, waste, contaminant, pollutant, gas or material which are regulated under any Environmental Law, in each case, as in effect on the date hereof.

“Indebtedness” means, with respect to any Person, all obligations of such Person (a) for borrowed money; (b) evidenced by notes, bonds, debentures or similar instruments; (c) for the deferred purchase price of assets, goods or services, including any earn-out payments; (d) under capital leases; (e) amounts drawn on any outstanding letters of credit or bonds; (f) any obligation that, in accordance with GAAP, would be required to be reflected as debt; (g) in the nature of guarantees of the obligations described in clauses (a) through (f) above of any other Person; (h) interest, principal, prepayment penalties, Taxes, fees or expenses, to the extent due or owing in respect of those obligations described in clauses (a) through (f) above; (i) all present or contingent obligations relating to retention commitments, change of control related payments or similar bonuses or other similar payments; and (j) all amounts for unpaid bonuses with respect to periods ending prior to the Closing Date, in each case irrespective of vesting.

“Intellectual Property” means any and all intellectual property rights under the laws of the United States or any other jurisdiction anywhere in the world, including: (a) inventions and all improvements thereto, patents and patent applications (including all provisionals, reissues, divisions, continuations and continuations-in-part); (b) copyrightable works, copyrights (including all copyright registrations, copyright applications and unregistered common law copyrights), databases, and computer software (including object and source code and related documentation); (c) trademarks or service marks (whether registered, unregistered or existing at common law), registrations, applications, trade names, trade dress, logos, signs and corporate and business names, including all associated goodwill; (d) all internet web sites, including domain name registrations and content and software included therein; (e) trade secrets and other rights in know how or confidential or proprietary information, including models, methodologies, specifications, rules, procedures and processes; and (f) computer programs and software, including operating systems, applications, routines, interfaces and algorithms, whether in source code or object code.

“Intellectual Property Licensor” has the meaning stated in Section 5.06(a).

"Inventory" means all finished products, work in process, raw materials, packaging supplies and other inventory or goods held for sale of a Person in all of its forms, wherever located, now or hereafter existing.

"Law" means any treaty, statute, law, rule, regulation, Order by any Governmental Body and any judgment, injunction, Order, writ, decree or award of any Governmental Body.

"Lease Designation Date" has the meaning set forth in Section 2.05.

"Leaseholds" means all real property interests as lessee, licensee, sublessee or sublicensee together with all tenements, hereditaments, easements, rights of way, privileges and appurtenances to those and improvements on or to those interests, including all leases, licenses, subleases or sublicenses under which any of the Sellers is a lessee, licensee, sublessee or sublicensee of real property.

"Liabilities" means any and all Indebtedness, liabilities and obligations of any nature, including for Claims, whether accrued or fixed, absolute or contingent, known or unknown, matured or unmatured or determined or determinable, including those arising under any Law, Action, Contract or Permit.

"Licensed Intellectual Property" has the meaning stated in Section 5.06(a).

"Marcatel" means Marcatel Com, S.A. De C.V. or an entity formed by it.

"Marcatel Claims Release" has the meaning stated in Section 3.01(d).

"Material Adverse Effect" means any event, circumstance, development, change or effect that, individually or in the aggregate, (a) has had or would reasonably be expected to have a material adverse effect upon any of the Business, results of operations, the Purchased Assets, the Assumed Liabilities or condition (financial or otherwise) of the Sellers (taken as a whole), other than an effect resulting from an Excluded Matter; or (b) would reasonably be expected to prevent or materially delay the ability of the Sellers to consummate the Transactions. **"Excluded Matter"** means any one or more of the following, whether independently or in combination with any other of the following: (i) the effect of any change in the domestic or any foreign economy or business in general; (ii) the effect of any change in exchange rates, interest rates or securities or financial markets in general; (iii) the effect of any change that generally affects any industry in which the Sellers operate; (iv) the effect of any change arising in connection with earthquakes, hostilities, national calamities, acts of war, acts of God, political conditions, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, national calamities, acts of war, acts of God, political conditions, sabotage or terrorism or military actions existing or underway as of the date hereof; (v) the effect of any changes in GAAP or any change in the interpretation of the foregoing by any Governmental Body of competent jurisdiction; (vi) any effect resulting from the public announcement of this Agreement, or the taking of any action required to be taken by the Sellers hereunder; or (vii) any effect resulting directly from any action taken by the Bankruptcy Court; *provided, however*, that the foregoing clauses (i), (ii), (iii) and (v) shall constitute an "Excluded Matter" only to the

extent that such event, circumstance, development, change or effect has a disproportionate effect on the Business, results of operations, the Purchases Assets, the Assumed Liabilities or condition of the Sellers, relative to other companies in the industries in which the Sellers do business.

"Nextcomm" means Next Communications, Inc.

"Next Highest Bidder" has the meaning ascribed to such term in the Bidding Procedures Orders.

"Notice" means any summons, citation, directive, Order, Claim, litigation, proceeding, letter or other communication, written or oral, actual or threatened, from any Governmental Body, or any other Person and shall include the imposition of any Encumbrance on property owned, leased, occupied or used by the Sellers.

"Off the Shelf Licenses" means commercially available, transferable off the shelf or downloadable computer software subject to industry standard shrinkwrap or clickwrap licenses.

"Order" means any award, decision, decree, order, injunction, ruling, judgment, or consent of or entered, issued, made or rendered in connection with an Action.

"Ordinary Course of Business" means the operation of the Business by the Sellers in the usual and ordinary course in the manner the Sellers consistently operated prior to the commencement of the Bankruptcy Cases (including with respect to quantity and frequency), but taking into account the status of the Sellers as a debtors-in-possession under the Bankruptcy Code that are operating under the supervision of the Bankruptcy Court.

"Organizational Documents" means (a) with respect to any Person that is a corporation, such Person's certificate or articles of incorporation and by-laws; (b) with respect to any Person that is a limited liability company, such Person's certificate or articles of formation and operating agreement; and (c) with respect to any other Person, such Person's organizational or charter documents.

"Owned Intellectual Property" has the meaning stated in Section 5.06(a).

"Parent Guarantees" has the meaning stated in Section 3.01(e).

"Permit" means any permit, license, approval, consent, permission, notice, franchise, confirmation, endorsement, waiver, certification, registration, qualification, clearance, variance or other authorization issued by or under the authority of any Governmental Body or pursuant to any federal, state, local or foreign Law.

"Permitted Encumbrances" means all (a) Encumbrances for Taxes or governmental assessments, charges or Claims incurred in the Ordinary Course of Business for sums (i) not yet due and payable; or (ii) being contested in good faith for which adequate reserves have been made in accordance with GAAP; (b) statutory Encumbrances of landlords, Encumbrances of carriers, warehouse persons, mechanics and material persons and other Encumbrances imposed by Law incurred in the Ordinary Course of Business for sums (i) not yet due and payable; or (ii)

being contested in good faith for which adequate reserves have been made in accordance with GAAP; and (c) Encumbrances incurred or deposits made in connection with workers' compensation, unemployment insurance, social security, or other similar types of programs or Laws or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations, incurred in the Ordinary Course of Business.

"Person" means any individual, corporation, partnership, limited liability company, association, joint venture, trust or any other entity or organization, including any Governmental Body.

"Petition Date" has the meaning set forth in the recitals.

"Pin Liability" means all liabilities, other than Excluded Regulatory Liabilities, associated with the Sellers' calling cards and other calling solutions, including, but not limited to, deferred revenue, first-used products, top-ups, e-commerce, dial-around and MVNO, without regard to when the products were sold.

"Potential Transferred Employees" has the meaning stated in Section 8.03.

"Purchase Price" has the meaning stated in Section 3.01.

"Purchased Assets" has the meaning stated in Section 2.01(a).

"Purchaser" has the meaning stated in the heading of this Agreement, and its successors and permitted assigns.

"Qualified Bidder" has the meaning ascribed to such term in the Bidding Procedures Orders.

"Real Property" means all real property interests, other than Leaseholds, together with all tenements, hereditaments, easements, rights of way, privileges and appurtenances to those interests and improvements and fixtures on or to those interests.

"Release" means any releasing, spilling, discharging, disposing, leaking, pumping, injecting, pouring, depositing, dispersing, emitting, leaching or migrating of Hazardous Materials into the indoor or outdoor environment.

"Representative" means, with respect to any Person, any officer, director, principal, attorney, accountant, financial advisor, consultant, agent, employee, manager, member, partner, equityholder or other representative of such Person.

"Required Consents" has the meaning stated in Section 5.03.

"Sale Documents" means this Agreement, and each other document, agreement and instrument to be executed and delivered by the Sellers or the Purchaser pursuant to ARTICLE IV of this Agreement, and all other documents and instruments by which the Purchased Assets are

transferred by the Sellers to the Purchaser or by which the Purchaser assumes the Assumed Liabilities.

"Sale Hearing" has the meaning ascribed to such term in the Bidding Procedures Orders.

"Sale Motion" has the meaning ascribed to it in the recitals.

"Sale Order" means an Order or Orders of the Bankruptcy Court, in form and substance reasonably acceptable to the Purchaser, approving the Transactions and authorizing the Sellers to consummate the Transactions pursuant to the terms and conditions hereof. Without limiting the generality of the foregoing, such Order shall find and provide, among other things, that (a) the Purchased Assets sold to the Purchaser pursuant to this Agreement shall be transferred to the Purchaser free and clear of all Encumbrances (other than Encumbrances created by the Purchaser or Permitted Encumbrances), such Encumbrances and Permitted Encumbrances to attach to the proceeds from the sale of the Purchased Assets to the same validity, force and effect, and in the same order of priority, which such Encumbrances and Permitted Encumbrances now have against the Purchased Assets or their proceeds, subject to any rights, Claims and defenses the Sellers or their estates, as applicable, may possess with respect thereto; (b) the Purchaser has acted in "good faith" within the meaning of section 363(m) of the Bankruptcy Code; (c) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm's length bargaining positions; (d) the sale of the Purchased Assets meets the requirements of Bankruptcy Code section 363(b)(1) with respect to sales of personally identifiable information; (e) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or Claim arising out of or relating to this Agreement, or any breach hereof; and (f) that the Order shall be effective immediately upon entry pursuant to Rule 7062 and 9014 of the Federal Rules of Bankruptcy Procedure, and no automatic stay of execution, pursuant to Rule 62(a) of the Federal Rules of Civil Procedure, or Rule 6004(h) of the Federal Rules of Bankruptcy Procedure shall apply with respect to such Order.

"Securities" means (a) Equity Securities; (b) notes, bonds, debentures, certificates of deposit; and (c) all other evidences of Indebtedness and all other securities of any type.

"Sellers" has the meaning stated in the heading of this Agreement, and their successors and permitted assigns.

"Subsidiary" of any Person means any Person (a) of which such first Person (either alone or through or together with any other Subsidiary) owns, directly or indirectly, more than 50% of the Equity Securities of such other Person, the holders of which are generally entitled to vote for the election of the board of directors, general partner, the manager or other governing body of, or otherwise control the business and affairs of, such other Person; or (b) the operations of which are consolidated with such first Person, pursuant to GAAP, for financial reporting purposes.

"Surviving Provisions" has the meaning stated in Section 9.02.

“Successful Bidder” means the Qualified Bidder who has been determined to have made the highest or otherwise best offer to purchase the Purchased Assets, consistent with the Bidding Procedures.

“Tax” or “Taxes” means all taxes, charges, fees, levies, duties, imposts, deposits, withholdings, restrictions, fines, interests, penalties, additions to tax or other tax, assessment or charge of any kind.

“Tax Authority” means any Governmental Body having jurisdiction over the assessment, determination, collection or imposition of any Tax.

“Tax Contest” has the meaning stated in Section 4.04(b).

“Tax Return” means any federal, state, local or foreign return, report, Claim for refund, declaration, statement or other form relating to Taxes and required to be filed with a Governmental Body, including any schedule thereto or amendment thereof.

“Third Party” means any Person other than the Sellers, the Purchaser or any of their respective Affiliates.

“Transactions” means the transactions contemplated by, or described in, the Sale Documents, including the sale, transfer, assignment, conveyance and delivery of the Purchased Assets by the Sellers to, and the assumption of the Assumed Liabilities by, the Purchaser.

“Transfer” means any direct or indirect offer, transfer, sale, assignment, pledge, conveyance, hypothecation, license or other disposition of all or any interest.

“Transfer Taxes” shall mean any transfer, documentary, sales, use, stamp, registration and other such taxes, any conveyance fees, any recording charges and any other similar fees and charges (including penalties, interest and additions to Tax in respect thereof).

“Transferable” means, with respect to a Contract, (a) a transfer of an Assigned Agreement that is assumable and assignable under the Bankruptcy Code notwithstanding any consent requirement contained in such Assigned Agreement; and (b) in the circumstances where a consent of another Person to the transfer of an applicable Assigned Agreement is required by such Assigned Agreement and under the Bankruptcy Code the Bankruptcy Court cannot waive such consent requirement, a transfer in which such required consent is obtained from the required Persons.

“Transferred Employee” has the meaning stated in Section 8.03.

“Transition Services Agreement” has the meaning stated in Section 4.03(a)(vi).

“Transitional Employment Release” means a general release in the form acceptable to the Sellers and the Committee to be provided and delivered to the Sellers and Sellers’ estates releasing all Claims against Sellers and Sellers’ estates arising under the WARN Act and any other employee termination liability.

“WARN Act” means and refers to the Worker Adjustment and Retraining Notification Act of 1988, and all comparable state, local or other Laws, in each case, as amended from time to time.

ARTICLE II
The Transaction

Section 2.01 Purchase and Sale of the Purchased Assets. Pursuant and subject to sections 105, 363, and 365 of the Bankruptcy Code and on the terms and subject to the conditions set forth in this Agreement and the Sale Order, at the Closing, the Sellers shall sell, convey, transfer, assign, grant and deliver to the Purchaser (or to such assignee or assignees of the Purchaser as may be determined by the Purchaser in accordance with this Agreement), free and clear of all Encumbrances, except for Permitted Encumbrances, and the Purchaser shall purchase, acquire and accept delivery from the Sellers, all right, title and interest of the Sellers in and to all assets, rights and entitlements owned, leased, licensed, used or held for use by the Sellers (other than the Excluded Assets), wherever located, of every kind, nature and description, whether tangible or intangible, real, personal or mixed, accrued contingent or otherwise, and whether or not reflected on the Sellers' books and records, including the assets set forth in Exhibit 1 hereto (collectively, the "**Purchased Assets**"), and including (a) all Cash up to \$700,000, and (b) fifty percent (50%) of the net proceeds actually received by the Sellers after the payment of fees, costs and expenses in collection of the Unidos Note. Notwithstanding anything to the contrary herein, Purchased Assets shall include fifty percent (50%) of the net recoveries after the payment of fees, costs and expenses from the disputed accounts receivable set forth on Schedule 2.02.

Section 2.02 Excluded Assets. The Sellers will retain (and the Purchased Assets will not include and the Purchaser shall have no Liability with respect to) the following (collectively, the "**Excluded Assets**"):

- (a) all Cash in excess of \$700,000;
- (b) all security deposits and other similar assets;
- (c) fifty percent (50%) of the net proceeds actually received by the Sellers after the payment of fees, costs and expenses in collection of the Unidos Note;
- (d) all facility leases, other than assumed facility leases;
- (e) all equipment leases, other than assumed equipment leases;
- (f) all contracts, other than assumed contracts;
- (g) all Causes of Action, including but not limited to all Avoidance Actions;
- (h) fifty percent (50%) of the recoveries from all litigation and disputed Claims against distributors, including litigation related to unpaid receivables, as set forth in Schedule 2.02;
- (i) all D&O policies and recoveries;

(j) all proceeds from insurance claims whether or not asserted as of the Effective Time;

(k) all tax refunds, rights to tax refunds, tax rebates, tax credits, net operating losses and similar items relating to any tax period;

(l) all equity securities or other ownership interest of each of the Sellers, including but not limited to the Sellers' investment in STX;

(m) originals of each the Seller's books, records and corporate seals;

(n) the Sellers' PBX phone systems;

(o) All furniture, fixtures, computer equipment and other fixed assets, except for the furniture, fixtures, computer equipment and other fixed assets at the Sellers' offices in Chicago, Washington and Georgia;

(p) the Sellers' surplus telecom switches, network equipment, fixtures and related items located at 75 Broad Street, New York, New York which was the subject of an Order entered on January 18, 2013; and

(q) Permits which are not assignable or Consents to which have not been provided, unless or until such Consents have been provided in accordance with Section 2.05 hereof.

Section 2.03 Assumption of the Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Purchaser will, effective as of the Effective Time, assume and agree to duly and timely pay, perform and discharge the following Liabilities of the Sellers (collectively, the "**Assumed Liabilities**"):

(a) all Liabilities under the Assigned Agreements arising after the Closing Date and the Cure Costs for such Assigned Agreements;

(b) all Transfer Taxes payable in connection with the Transactions;

(c) all Liabilities relating to and arising from the ownership of the Purchased Assets after the Closing Date;

(d) all Liabilities relating to amounts required to be paid, satisfied or otherwise discharged by the Purchaser to the Sellers pursuant to this Agreement; and

(e) All Pin Liability.

Section 2.04 Excluded Liabilities. The Purchaser will not accept, acquire, assume or become liable to pay, perform or discharge any Liabilities other than the Assumed Liabilities (such Liabilities, the "**Excluded Liabilities**"), including the following Liabilities:

- (a) all Liabilities arising out of Excluded Assets, other than Pin Liability;
- (b) all Liabilities of the Sellers pursuant to this Agreement;
- (c) all Liabilities related to any Indebtedness of the Sellers not expressly assumed by the Purchaser under this Agreement;
- (d) all Liabilities of the Sellers or any of their Affiliates or their respective directors, officers, employees or agents arising under or relating to the Bankruptcy Case;
- (e) all Liabilities to any current or former employee, contractor, consultant or agent (and their respective spouses, descendants and beneficiaries), including Liabilities arising under COBRA and the WARN Act (including any notice required thereunder) and any Liabilities under any employment agreements or change in control agreements;
- (f) all Liabilities for any indemnification, reimbursement or advancement of any amounts to any present or former officer, director, employee or agent of the Sellers or any of their Affiliates;
- (g) all Liabilities relating to or arising out of any violation of an applicable Law on or prior to Closing by the Sellers or any of their Affiliates;
- (h) all Liabilities relating to any environmental, health or safety matter (including any Liability arising under applicable Law) arising out of or relating to the operation of the Business on or prior to the Closing;
- (i) all Liabilities for any Taxes of the Sellers (other than Transfer Taxes payable in connection with the Transactions);
- (j) any Liabilities of the Sellers which any Person seeks to impose on the Purchaser by virtue of any theory of successor liability;
- (k) all Liabilities related to trade payables and priority and non-priority unsecured claims not expressly assumed under this Agreement;
- (l) all Liabilities for unpaid fees, expenses, Taxes and any other amounts payable by Sellers to the FCC or any other Governmental Body (the “**Excluded Regulatory Liabilities**”).

Section 2.05 Assignment of Assigned Agreements.

Subject to further order of the Bankruptcy Court, Sellers shall assign to the Purchaser, and the Purchaser shall accept such assignment of, the Assigned Agreements relating to the Purchased Assets. To the extent that any Assigned Agreement or Permit is not Transferable without the Consent of the non-debtor counterparty, issuer or Governmental Body, this Agreement shall not be deemed to constitute an assignment, an attempted assignment or an undertaking to assign such Assigned Agreement or Permit if such Consent is not given or if such